



**City of Hartford  
Municipal Employees' Retirement Fund**

**SUMMARY OF PLAN PROVISIONS  
CLASSIFIED AND UNCLASSIFIED  
Non-Bargaining Unit Employees**

*As of January 1, 2014*



**City of Hartford  
Municipal Employees' Retirement Fund**

**SUMMARY OF PLAN PROVISIONS  
CLASSIFIED AND UNCLASSIFIED  
NON-UNION**

**PLEASE NOTE:**

**The information in this booklet is intended to provide a summary of the more important features of the City of Hartford Municipal Employees' Retirement Fund (also referred to as the MERF, or simply as the "Retirement Plan" or "Plan").**

**This booklet is not a legal document and is not intended to give you complete details on all the Plan provisions or to confer any benefits on, to or for you, or your heirs, beneficiaries, successors, personal representatives or assigns.**

**Actual benefits and the terms and conditions governing them are set forth solely in applicable provisions of the Plan Documents which include applicable sections of the City's Charter, its Appendix, the Hartford Municipal Code, various statutory provisions and your group's collective bargaining agreement, if any. In the event any conflict exists between the Plan and this summary, the Plan Documents will control.**



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**Definitions**

This section defines several terms that are used throughout this *Summary of Plan Provisions*.

**Charter**

Charter of the City of Hartford

**City**

City of Hartford, Connecticut including the Hartford Public Library and all of the City's boards, commissions, agencies and authorities whose employees are eligible to participate in the MERF.

**City Treasurer**

The duly and independently elected official who serves as both the City Treasurer and the Secretary of the Pension Commission.

**CMERS**

Connecticut Municipal Employees' Retirement System (CMERS), also known as "State MERF B."

**Member**

When capitalized, this term refers to any individual who has been enrolled in and is a participant of the MERF.

**MERF**

City of Hartford Municipal Employees' Retirement Fund, also referred to as the "Plan."

**Municipal Code**

Municipal Code of the City of Hartford

**Pension  
Commission**

The Pension Commission is the body charged with administering the MERF pursuant to the Municipal Code and Charter of the City of Hartford.

**Pension  
Administration  
Unit**

The Pension Administration Unit operates under the direction of the Plan Administrator and provides the services necessary to administer the MERF on behalf of the Pension Commission.

<b>Plan</b>	City of Hartford Municipal Employees' Retirement Fund, also referred to as the "MERF."
<b>Plan Administrator</b>	The Plan Administrator is appointed by the Pension Commission and is responsible for the day-to-day administration of the Plan and the Pension Administration Unit on the Commission's behalf.
<b>Social Security Covered Earnings</b>	The amount of any earnings that are paid to you in any year on which you owe social security taxes. The Internal Revenue Service adjusts this amount each October for the coming calendar year.
<b>Union Affiliation</b>	None



**Pension Service**

There are several different types of service that may affect your pension. Here is a brief description of each type of service.

**Aggregate Service**

The total of all of your periods of service with the City during (or for) which you made contributions as a member of the MERF. Aggregate Service does not include Purchased Service unless otherwise noted below.

**Break-in-Service**

Any absence, *without pay*, which lasts more than ninety (90) consecutive calendar days, will cause a “Break-in-Service,” unless:

- ☐ you apply for, and are granted, a leave of absence, for whatever reason, by the City Council;
- ☐ the absence is caused by a disability that, in most cases, requires the regular attendance of a physician;
- ☐ you were receiving Statutory Workers Compensation benefits during the period of your absence; or
- ☐ your absence was due to service in the U.S. armed forces, or certain other uniformed services, and, after completing that service, you returned immediately to City employment.

**City Service**

Any period or periods of employment with the City during, or for, which you make contributions to the MERF.

**Continuous Service**

Any period or periods of City service during, or for, which you make contributions to the MERF which are not interrupted by a “Break-in-Service.”

Continuous Service also may include certain types of Purchased Service, but only after certain requirements are met.

Continuous Service is the type of service that generally is used to determine your eligibility for benefits from the Plan.

**Credited Service**

The total of your Aggregate and Purchased Service.

With the exception of USERRA service or periods when you

were receiving Statutory Workers' Compensation benefits, periods of absence of ninety-one (91) days or more are not included in Credited Service, even if such absences do not constitute a Break-in-Service (see definition above). Credited Service includes only those periods that you actually worked, and for which you made contributions to the MERF, or purchased. The only exceptions are for eligible USERRA service and periods while you are receiving Statutory Workers' Compensation benefits, which are included in Credited Service.

Credited Service is the type of service that is used to determine the amount of your benefits from the Plan.

### **Part-Time Service**

There are two types of part-time service that are eligible to be counted as pension service in the MERF:

- ❑ Periods of employment with the City, while you were in an "unclassified" position, when you worked less than a full-time schedule and during (or for) which you made contributions to the MERF *and*
- ❑ Periods of employment with the Library or Board of Education when you worked less than a full time schedule and during (or for) which you made contributions to the MERF

Part-Time service is included as both Aggregate and Credited Service on a pro-rata basis. Each year of Part-Time service is converted into full-time equivalent by using the following formula:

Number of hours actually worked

divided by

Number of regular hours that would normally be worked by an employee in an equivalent full-time position

For example, if you work 20 hours a week and the normal full time schedule is 35 hours, your Part-Time Service would equal:

$$\frac{20}{35} = .57$$

You would be credited with .57 of a week of service rather than a full week.

**Purchased Service** Certain types of Prior City and Non-City service may be added to the service otherwise included in your pension account under the conditions described below.

***General Restrictions:***

- ❑ Purchased Service will be credited only if that service by itself, or in combination with other service for which you receive pension credit, constitutes a “whole year of service”.
- ❑ No Purchased Service can, or will, be used to qualify you for a benefit by being included in your Continuous or Aggregate Service (unless otherwise noted below) until you have reached your Normal Retirement Age and have at least five (5) years of actual City Service.
- ❑ Application for the purchase or transfer of service to be used as Purchased Service must be made within the prescribed period defined in the Plan and full payment for the Service must be made to the Treasurer’s Office prior to your retirement in order for it to be included as Credited Service.
- ❑ If you are a participant in a Section 457 Deferred Compensation Plan, either through the City of Hartford, or another organization, you may be able to use all or a portion of your account in that plan to pay for your service purchase. The Plan Administrator will provide details upon request.
- ❑ Contributions for Purchased Service (other than those transferred from another retirement system or paid for Prior City Service) that cannot be used will be returned to you when you retire.
- ❑ Contributions for all Purchased Service (including those transferred from another retirement system or paid for Prior City Service) will be returned to you if your employment terminates before you become eligible for a pension, or if you are eligible to elect a refund in lieu of a pension.

***Prior City Service:***

The Municipal Code and Charter allow re-employed prior MERF Members, who withdrew their MERF contributions when they left City employment, to repay the withdrawn contributions plus interest in order to receive pension credit for the service attributable to the withdrawn contributions.

Prior City Service will be used to qualify you for retirement or vesting and will be included in your Aggregate and Credited Service once the contributions are repaid.

*You must notify the Plan Administrator, in writing, of your intent to repay the withdrawn contributions within ninety (90) days after you complete your new probationary period.*

***Prior City Service While a Member of CMERS:***

If you were a member of either Local 1716 (excluding the Evelyn Ball Chapter) or Local 566 during your employment with the City, your pension was provided by CMERS, the State retirement system. Once your membership in one of these unions ends and you become a member of the MERF, you may be eligible to transfer the service accrued under the CMERS plan to the MERF if:

- ☐ You did not withdraw the contributions you made to CMERS
- ☐ You are not currently receiving a retirement benefit from CMERS
- ☐ You authorize CMERS to transfer your CMERS pension contributions to the MERF, and the transfer is made, and
- ☐ You pay any difference in contributions between what you paid to CMERS and what you would have paid to the MERF had you always been a member of the MERF.

Prior Service while a member of Locals 1716 or 566 will be used to qualify you for retirement and will be included in your Aggregate and Credited Service once the service transfer is completed.

*Once the Pension Administration Unit is notified of your change in classification, you will be sent a letter outlining your options with respect to transferring this service. This service transfer generally must be initiated upon your change in union affiliation.*

***Prior Service With the Federal Government, or any State or Political Subdivision:***

The Municipal Code and Charter allow Members under the age of sixty (60) who worked for one or more of the above-named entities and who participated in an actuarially sound pension plan sponsored by the entity, to transfer the Pension Service retirement credits earned with that plan to the MERF. Members who wish to transfer such credit can do so only if all of the following conditions are met:

- ❑ A reciprocity agreement exists between that plan and the MERF. Currently reciprocity agreements exist only with the State Tier I plan (contributory plan for employees hired by the State on or before July 1, 1984) and the Metropolitan District Commission;
- ❑ You did not withdraw the contributions you made to that plan
- ❑ You are not currently receiving a retirement benefit from that plan and do not retain any vested rights to a pension from that plan; and
- ❑ you make up any shortfall in the contributions required to pay the benefits associated with that service as determined by the Pension Commission.

Service transferred under this section cannot be used to qualify you for retirement. It will be included in both your Continuous and Aggregate Service once you have reached your Early or Normal Retirement Age and have at least five (5) years of actual City Service and the transfer is completed.

*You must make your request to purchase this service within thirty (30) days of the date you become employed (or re-employed) by the City.*

***Qualified Non-City Service:***

The Municipal Code and Charter allow non-union classified and unclassified Members who worked for the State of Connecticut, or any political subdivision thereof, or the

Hartford Housing Authority to purchase up to four (4) years of pension service credits for that service if the following conditions are met:

- ❑ The service was performed as a full-time employee (which, in the case of government service shall also include service as an elected or appointed official)
- ❑ The Member is not receiving a pension based on that service nor retains any vested rights to a pension based on that service
- ❑ The Member did not hold any office or position with the City of Hartford or any other organization for which he or she has been given pension credit, and
- ❑ The Member is not eligible to receive, and has never received, pension credit under the Municipal Code or Charter for this same service.
- ❑ Service as an elected or appointed official will eligible only if there is appropriate documentation as required by the Pension Commission as to the type and hours of such service, and, if part-time service, such service will be prorated in accordance with Pension Commission policies.

Service purchased under this section can be used to qualify you for retirement once you are vested.

*You must make your request to purchase this service within one (1) year of the date you become employed or re-employed by the City.*

***Prior Military Service:***

The Municipal Code and Charter allow Members to purchase up to four (4) years of pension service credit for time served on active duty in the U.S. Armed Forces during any of the periods set forth in Section 27-103 of the Connecticut General Statutes. A copy of this document is available in the Pension Administration Unit.

Military Service purchased under this provision cannot be used to qualify you for retirement. However, once you otherwise qualify for retirement, and subject to the General

Restrictions noted earlier, purchased Military Service will be used to compute the amount of your pension at the earliest of the following, once full payment for the service is made:

- ❑ After ten (10) years of Continuous Service;
- ❑ After fifteen (15) years of Aggregate Service; or
- ❑ Upon retirement due to a service-connected disability.

*You must make your request to purchase such service within one (1) year of the date you become employed by the City.*

***Service covered by the Federal Uniformed Services  
Employment and Reemployment Rights Act (“USERRA”)***

USERRA, incorporated into the Municipal Code and Charter, allows Members who leave the employment of the City in order to serve in any of the “uniformed services” of the United States the opportunity to purchase pension service credit for certain portions of that service if and when they are reemployed by the City.

For purposes of USERRA, service in the “uniformed services” includes service in any branch of the armed forces of the United States, the Air National Guard, the Army National Guard, the commissioned corps of the Public Health Service and any other category designated as such by the President of the United States in the time of war or emergency.

Employees who leave City service to serve in the U.S. armed forces, Red Cross or FBI and are then reemployed by the City in accordance with the provisions of Section 2-437 of the Hartford Municipal Code, will be granted pension service credit for that period of service as long as they “make up” any employee contributions for the period of that service. This service will then be included in Aggregate and Credited Service on the same basis as other City Service actually spent working for the City.

*There are limits on the amount of time during which you can exercise your rights under USERRA. The amount of time depends on the on the length of your USERRA service. If you leave City service to serve in any of the uniformed services, you should contact the Pension Administration Unit immediately upon your return to determine your rights and obligations to obtain Pension Service credit for that service.*

***Sick Exchange:***

If your initial date of employment with the City was on or after January 1, 2011, you are not eligible for Sick Exchange.

If your initial date of employment with the City was prior to January 1, 2011, regardless of whether or not you were a non-union classified and unclassified Member at that time, you are eligible for Sick Exchange. The Municipal Code and Charter require the exchange up to 80 days of accumulated sick time for additional pension service credits, with the following conditions:

- ❑ Additional pension service will be purchased in units of 20 days, with each unit equal to one (1) whole year of additional pension service. Partial units cannot be exchanged. If you do not have enough accumulated sick time to exchange for at least one year of pension credit, no exchange will be required or permitted.
- ❑ No exchange will be required, or permitted, if the additional service attributable to the exchanged sick time, when added to your other Credited Service, would produce a benefit that exceeds 80% of your Final Average Pay (refer to the Benefits section of this Summary for details).
- ❑ Sick time exchanged for pension credit will not be used to establish eligibility for early or normal retirement. Once the eligibility requirements are otherwise met, the exchanged service will be used in the calculation of your pension benefit.
- ❑ Any accumulated sick time that cannot be exchanged for pension credit, will be paid to you in accordance with the City personnel and pay policies.



**Member Contributions**

The MERF is a contributory defined benefit plan. Both the City and Plan Members share in the cost of the Plan. This section explains the contributions that are required for Members in your employment classification.

**Amount**

All classified employees must join the MERF. If you are an unclassified employee of the City, you have a choice as to whether you wish to join the MERF. This is explained in more detail in the Introduction booklet that is part of this plan summary packet.

As a Plan Member, whether a classified or unclassified employee, you are required to make contributions to the Plan. You have a choice of two different contribution levels, with different benefits associated with each level. Once you select a contribution level, you cannot change it so long as you are employed as a member of this employee group. Your choices are:

- ☐ Five percent (6.5%) up to Social Security Covered Earnings, plus eight percent (9.5%) on the excess; or
- ☐ Six percent (7.5%) up to Social Security Covered Earnings, plus nine percent (10.5%) on the excess.

These contributions are made on a pre-tax basis. They will be deducted from your earnings before any income taxes are paid on them. You will not have to pay any taxes on these contributions until you withdraw them or retire.

Please refer to the section on Benefits for details on the benefit levels associated with the different contribution levels.

*Elections with respect to joining the plan (if you are an unclassified employee) and your level of contribution generally must be made at the time you begin your City employment or transfer into this group, whichever is later.*

**Interest**

Your contributions are credited with three percent (3%) interest on July 1<sup>st</sup> of each year as long as you remain an active, contributing member of the MERF.

Interest is determined using your account balance as of June 30<sup>th</sup> of the prior calendar year. For example, interest credited on July 1, 2008 will be based on your account balance as of June 30, 2007.

Once your employment terminates, or you stop contributing for any other reason, no additional interest is credited to your account.

### **Transfers Between Different Unions or Employment Groups**

Different employee groups and unions have different contribution levels. Generally when you transfer from one group to another, your level of contribution will be adjusted to the amount required by your new group or union from the day you become a member of the new group. Any contributions you have already made will remain in the MERF and be automatically transferred to your new group.

There are two exceptions to this:

- ❑ If you transfer into the uniformed services (Police or Fire unions) you will be required to pay the difference between the uniformed services contribution level and what you were contributing before you became a member of the uniformed services.
- ❑ If you transfer into HMEA from any employment group, and your initial date of hire (or adjusted hire date, if a rehire and you do not have a Break in Service) is prior to July 1, 2003, you will be required to pay the difference between the HMEA 7.8% contribution rate and the rate you previously paid, retroactive to January 1, 2004.

Please note that if the contribution rate for your new group is lower than for your prior group, all of your contributions remain in the MERF. There are no refunds paid as the result of a transfer.

### **Withdrawals and Refunds**

You are not allowed to withdraw or receive a refund of your pension contributions while you are employed by the City and making contributions to the MERF.

When you retire, your pension contributions will be used to help pay for your pension. The contributions must remain with the MERF in order for you to receive a pension.

If your employment terminates before you are eligible to retire, you may be eligible for a refund of the contributions you made to the MERF, together with any interest in your account.

Please refer to the section of this Summary describing Termination Benefits for additional information about contribution refunds.

**Eligibility**

The MERF provides different types of benefits, each with its own eligibility rules. This section explains the rules that apply to the different benefit categories.

**Vesting**

After the completion of five (5) years of Continuous Service, any benefits you have earned in the MERF become non-forfeitable. This means that if you leave City employment before meeting the requirements for retirement, any benefits you have earned up to the time you leave cannot be taken away from you. In order to collect these benefits you will have to leave your contributions with the MERF and meet certain other requirements, which are described below.

**Normal Retirement**

If your first day of employment with the City is before January 1, 2011, you will be eligible for Normal Retirement once you meet *either* of the following conditions:

- ☐ You are at least age sixty (60) with at least five (5) years of Continuous Service; or
- ☐ You are any age and have completed at least twenty (20) years of Aggregate plus Qualified Non-City Service.

If your first day of employment with the City is on or after January 1, 2011, you will be eligible for Normal Retirement once you meet *either* of the following conditions:

- ☐ You are at least age sixty (62) with at least five (5) years of Continuous Service; or
- ☐ You are at least age 55 and have completed at least twenty (20) years of Aggregate plus Qualified Non-City Service.

**Special Retirement**

If your first day of employment with the City is before January 1, 2011, you may elect to retire with an unreduced pension once you have completed fifteen (15) years of *Continuous* Service. In order to take advantage of this option you must:

- ☐ Leave your pension contributions in the MERF until

the date when you would have completed twenty (20) years of Aggregate plus Qualified Non-City Service had you remained employed by the City until that time, and

- ❑ You cannot begin receiving your pension until the day after the date when you would have completed twenty (20) years of Aggregate plus Qualified Non-City Service had you remained employed by the City until that time.

If you elect this special early retirement option, you will be eligible for the sick exchange program, as described earlier.

### **Early Retirement**

You will be eligible for Early Retirement once you are at least age fifty-five (55) and have at least five (5) years of Continuous Service.

### **Effective Date of Retirement**

This is the day following your “Last Day Paid.” It is the date on which your retirement becomes effective and is the first day for which you will receive a pension.

The “Last Day Paid” is described in the section of this *Summary* called *Benefits in General*.

**Benefits in General**

The amount of your benefit from the MERF is determined by a formula, which is based on a combination of your years of service, earnings and age.

The benefits you receive from the MERF are in addition to benefits you may receive from Social Security or other sources (unless noted otherwise in the descriptions below).

Benefits are payable, depending on your eligibility, at termination of employment, normal or early retirement, disability or death.

Here are some further definitions to help you understand how the Plan benefits are calculated.

**Pension Earnings**

The earnings that are used to determine your pension are referred to as your Pension Earnings. Pension Earnings include all of the regular, overtime, holiday, vacation, sick and longevity pay that you receive while working, as well as any payment for your accrued but unpaid vacation, holiday and sick leave that you receive upon your separation from City employment.

In order for earnings to be included as Pension Earnings, you must make pension contributions on such earnings.

**Final Average Pay Period**

The Final Average Pay Period is the final five or ten years ending on your "Final Payment Date." This Final Payment Date is determined as follows:

If you do not receive payment for any of your accrued but unused vacation, holiday or sick time, your Final Payment Date will be your last day of work.

If you receive a lump sum payment, or weekly payments, for accrued but unused vacation, holiday or sick time they will be counted on a daily basis, beginning on the first workday following the last day you actually worked and continuing just as if you had been receiving your regular pay until they are used up. The last day for which any payment is made is your Final Payment Date.

For example, assume your last day of work is May 30, 2008, a Friday. You have 6 days of unused vacation for which you will be paid plus 8 days of unused sick time. Assume you are paid for 50% of your unused sick time, or for 4 days. For purposes of determining your Final Payment Date, we will add the 10 days (6 plus 4) to May 30th, counting only weekdays. In this example, your Final Payment Date will be June 13, 2008.

Your Final Average Pay Period would then be the five or ten years ending on this date. If we assume a five-year Final Average Pay Period, it would begin on June 14, 2003 and end on June 13, 2008.

### **Final Average Pay**

If you elect to contribute at the 6.5% /9.5% level, your Final Average Pay Period is the ten (10) years ending on your Final Payment Date and your Final Average Pay is equal to the average of the highest five (5) years of Pension Earnings in the Final Average Pay Period.

Using the example from above, the Final Average Pay Period would be June 14, 1998 through June 13, 2008.

Once the Final Average Pay Period is identified, the Pension Earnings you received during each of the years within that ten-year period will be identified. A year, for this purpose, is defined as 12 consecutive calendar months, beginning with the Last Day Paid and working backwards so that there are ten (10) equal 12-month periods. Using the same example, the first year is June 14, 1998 through June 13, 1999, the second is June 14, 1999 through June 13, 2000 and so forth for a total of ten (10) years.

And, finally, once that has been done, the five (5) years with the highest earnings are averaged and become your Final Average Pay.

If you elect to contribute at the 7.5% / 10.5% level, your Final Average Pay Period is the five (5) years ending on your Last Day Paid and your Final Average Pay is equal to the average of the highest two (2) years of Pension Earnings in the Final Average Pay Period.

Using the example from above, the Final Average Pay Period

would be June 14, 2003 through June 13, 2008.

Once the Final Average Pay Period is identified, the Pension Earnings you received during each of the years within that five-year period will be identified. A year, for this purpose, is defined as 12 consecutive calendar months, beginning with the Last Day Paid and working backwards so that there are five (5) equal 12-month periods. Using the same example, the first year is June 14, 2003 through June 13, 2004, the second is June 14, 2004 through June 13, 2005 and so forth for a total of five (5) years.

And, finally, once that has been done, the two (2) years with the highest earnings are averaged and become your Final Average Pay.

**Service**

The service used in your pension calculation includes all of your Credited Service.

**Last Day Paid**

The City Personnel Department provides the Pension Unit with a copy of your Separation Form B, which includes your final date of service, taking into account your accrued but unused vacation, holidays and earned time. This final date of service is called the “Last Day Paid” and is the last day for which you will receive Credited Service.

Please be aware that this “Last Day Paid”, which is used to determine your Credited Service, may be different from the “Final Payment Date” used in the calculation of your Final Average Pay. This is because the payment for unused sick time is used to extend the final date for your Final Average Pay Period, but is not used to extend your Credited Service in a similar manner.

**Maximum Benefits**

Section 415 of the Internal Revenue Code of 1986, as amended, sets limits on the maximum amount of benefits that can be paid from qualified plans such as the MERF. If your total benefit exceeds these limits, your benefit from the MERF will be limited to what is allowed under the Code. Any excess portion of your benefit will be paid from a special Section 415 Excess Plan funded by the City’s General Fund.



## Termination Benefits

### **Non-Vested Benefits**

If you are not vested when you leave City employment, you may request a refund of your contributions plus interest.

Normally, once the Pension Administration Unit receives notice of your termination from the City, a letter will be sent to you explaining your refund options. Basically, you can elect one or more of the following options:

- ☐ Withdraw all your after-tax contributions, plus interest, if any, in a lump sum,
- ☐ Withdraw all of your pre-tax contributions plus interest, if any, in a lump sum,
- ☐ Roll all of your pre-tax contributions and all of your interest to another eligible employer plan or IRA,
- ☐ Withdraw a portion of your pre-tax contributions plus interest, if any and roll over the balance to another employer plan or IRA.

### **Vested Benefits**

If you are vested when your employment with the City terminates, and you are not eligible to begin receiving your pension immediately, or under the Special Retirement provisions, you have the option of either:

- ☐ Leaving your contributions in the Plan and receiving a vested benefit once you qualify for retirement; or
- ☐ Requesting a refund of your pension contributions with interest, if any, and forfeiting your right to any future benefits from the Plan.

If you elect to leave your contributions in the Plan and vest your benefit rights, you will be eligible to receive what is called a vested benefit once you meet the age requirements for retirement (age 60 if hired prior to January 1, 2011 or age 62 if hired on or after January 1, 2011 for an unreduced benefit, or age 55 for a reduced benefit).

The vested benefit is calculated according to the type of retirement (i.e. Normal or Early) for which you apply, based on your years of Credited Service. Refer to the sections on Early and Normal Retirement Benefits for details of the calculation.

## Retirement Benefits

### Normal Retirement Benefit

If your first day of employment with the City was before January 1, 2011, your Normal Retirement Benefit is equal to:

Two and one-half percent (2.5%) of your Final Average Pay for each *whole* year of Credited Service, including Purchased Service and Sick Exchange service.

The maximum percentage allowed is eighty percent (80%) of Final Average Pay.

If your first day of employment with the City was on or after January 1, 2011, your Normal Retirement Benefit is equal to:

One and three-quarters percent (1.75%) of your Final Average Pay for each *whole* year of Credited Service, including Purchased Service.

The maximum percentage allowed is eighty percent (80%) of Final Average Pay.

### Early Retirement Benefit

The Early Retirement Benefit is equal to:

The Normal Retirement Benefit reduced by four percent (4%) for each *whole* year that your retirement age is less than age sixty (60) if your first day of employment with the City is before January 1, 2011.

The Normal Retirement Benefit reduced by four percent (4%) for each *whole* year that your retirement age is less than age sixty-two (62) if your first day of employment with the City is on or after January 1, 2011.

## Retirement Benefit Examples

### Example 1 Normal Retirement

Assume that:

- ☐ you have 20 years of Credited Service
- ☐ your Final Average Pay is equal to \$30,000
- ☐ you were hired prior to January 1, 2011

Your Normal Retirement Benefit would be calculated as follows:

	Formula Percentage:	.0250
x	<u>Credited Service:</u>	<u>20</u>
=	Benefit Percentage:	.5000
x	<u>Final Average Pay:</u>	<u>x 30,000.00</u>
=	Total Annual Benefit:	\$ 15,000.00
/	<u>Divided by:</u>	<u>12</u>
=	Total Monthly Benefit:	\$ 1,250.00

### Example 2 Early Retirement

Assume that:

- ☐ you are age 55
- ☐ you have 14 years of Credited Service
- ☐ your Final Average Pay is equal to \$30,000
- ☐ you were hired prior to January 1, 2011
- ☐ your Normal Retirement Age is age 60 since you do not meet the 20 year rule or the 15 year rule.

Your Early Retirement Benefit would be calculated as follows:

	Formula Percentage:	.0250
x	<u>Credited Service:</u>	<u>14</u>
=	Benefit Percentage:	.3500
x	<u>Final Average Pay:</u>	<u>x 30,000.00</u>
=	Total Annual Benefit:	\$ 10,500.00
/	<u>Divided by:</u>	<u>12</u>
=	Total Monthly Benefit:	\$ 875.00

Early Retirement Factor:	4% x 5 years = .20	
Early Retirement Reduction:	.20 x 875.00	<u>- 175.00</u>
Adjusted Monthly Benefit:		\$700.00

## Retirement Benefit Examples (cont)

### Example 3 Normal Retirement

Assume that:

- ☐ you have 20 years of Credited Service
- ☐ your Final Average Pay is equal to \$30,000
- ☐ you were hired on or after January 1, 2011
- ☐ your Normal Retirement Age is age 55

Your Normal Retirement Benefit would be calculated as follows:

	Formula Percentage:	.0175
x	<u>Credited Service:</u>	<u>20</u>
=	Benefit Percentage:	.3500
x	<u>Final Average Pay:</u>	<u>x 30,000.00</u>
=	Total Annual Benefit:	\$ 10,500.00
/	<u>Divided by:</u>	<u>12</u>
=	Total Monthly Benefit:	\$ 875.00

### Example 4 Early Retirement

Assume that:

- ☐ you are age 55
- ☐ you have 14 years of Credited Service
- ☐ your Final Average Pay is equal to \$30,000
- ☐ you were hired on or after January 1, 2011
- ☐ your Normal Retirement Age is age 62 since you do not have 20 years of Credited Service.

Your Early Retirement Benefit would be calculated as follows:

	Formula Percentage:	.0175
x	<u>Credited Service:</u>	<u>14</u>
=	Benefit Percentage:	.2450
x	<u>Final Average Pay:</u>	<u>x 30,000.00</u>
=	Total Annual Benefit:	\$ 7,350.00
/	<u>Divided by:</u>	<u>12</u>
=	Total Monthly Benefit:	\$ 612.50

Early Retirement Factor:	4% x 7 years = .28	
Early Retirement Reduction:	.28 x 612.50	<u>- 171.50</u>
Adjusted Monthly Benefit:		\$441.00

**Disability Benefits**

The Plan may provide benefits in the event you become disabled while you are an active City employee. Certain service and other requirements must be met in order to qualify for these benefits.

**General Information**

You must apply for disability pension benefits within one (1) year of the time you are disabled (i.e. generally within one (1) year of the date your doctor tells you, or it otherwise is apparent, that you will no longer be able to perform the duties of your current job because of your medical condition).

Disability Benefits are payable as monthly allowances until the *earlier of*:

- ☐ the last day of the month in which you die, or
- ☐ the date when you are determined to no longer be disabled based on the definition of disability as it applies to the type of disability allowance you are awarded.

Subject to approval by the Pension Commission, anyone who elects to receive a Disability Benefit may subsequently qualify for either a Normal or Early Retirement Benefit in lieu of a Disability Benefit, if he or she is otherwise eligible to receive such a benefit.

If you are awarded a disability pension, you must file a statement of earnings with the Pension Commission each year. Failure to provide this statement will result in a suspension of your disability benefits until the statement is received. The City Charter and the Municipal Code require this.

If you die while you are receiving a Disability Benefit, a survivor benefit may be payable to your spouse for the balance of his or her life if your spouse qualifies as a “surviving spouse” under the Plan. There is additional information on survivor’s benefits in the Death Benefits section.

**Calculating Disability Benefits**

There are four (4) different types of disability benefits. Each disability benefit is applicable to a specific type of disability, as described below. Regardless of the type of disability, all disability benefits are based on a combination of service, earnings and benefits you may receive from other sources such

as Workers' Compensation or Social Security. In each situation, certain minimum and maximum benefits also apply.

The following definitions should assist you in understanding how disability benefits are calculated:

## **Disability Definitions**

### ***Annual Pay***

Your "Annual Pay" is equal to the sum of

- (i) your weekly rate of pay at the time your disability was incurred multiplied by 52 weeks, plus
- (ii) any longevity pay that would have been payable to you had you continued to work during the year following the date you incurred your disability.

### ***Average Annual Rate of Pay or Average Annual Pay***

Your "Average Annual Rate of Pay" or "Average Annual Pay" is the average of the ten (10) years of Pension Earnings immediately preceding your disability retirement (or average of your total years of Pension Earnings if you have less than ten years). Pension Earnings are described earlier in this Summary.

### ***Basic Disability Benefit***

This amount is the starting point for the disability benefit calculation. The benefit is calculated according to a formula that applies to the type of disability benefit for which you are eligible.

### ***Adjusted Normal Retirement Benefit***

This benefit is calculated the same way as your Normal Retirement Allowance except that your Average Annual Rate of Pay is used in lieu of what would have been your Final Average Pay.

### ***Maximum Benefit***

Each type of disability benefit has a separate Maximum Benefit. The Maximum Benefit is the largest benefit you will receive as a disability allowance.

### ***Minimum Benefit:***

Each type of disability benefit has a separate Minimum Benefit. The Minimum Benefit is the smallest benefit you can receive as a disability allowance.

### ***Reduction in Income***

This is the difference between what you can earn from gainful employment despite your disability and what you were earning from the City when your disability began.

## Types of Disability Benefits

### Permanent and Total – *Service Connected*

**Eligibility:** There is no age or service requirement to qualify for this benefit. You must, however, be permanently and totally disabled. Your disability also must be work-related as defined in the Workers' Compensation Act.

**Benefit:** Your benefit is equal to the *lesser of* (A) or (B), but will never be less than (C).

#### A) **Basic Disability Benefit:**

The annual amount paid for this type of benefit equals the greater of (1) or (2) below:

1. Your Adjusted Normal Retirement Benefit, minus any benefits you receive from Workers' Compensation, or
2. Fifty percent (50%) of your Annual Pay, minus any benefits you receive from Workers' Compensation.

#### B) **Maximum Allowable Benefit:**

The maximum annual benefit paid for this type of disability is equal to 2/3rds (66.67%) of your Average Annual Pay, minus

1. any benefits you receive from Workers' Compensation, and
2. any benefits you receive from Social Security.

#### C) **Minimum Benefit:**

The minimum amount paid for this type of disability is Thirty Dollars (\$30.00) per month.

### Permanent and Total – *Non-Service Connected*

**Eligibility:** There is no age requirement to qualify for this benefit. You must, however, have at least ten (10) years of Continuous Service. You must also be permanently and totally disabled.

**Benefit:** Your benefit is equal to the lesser of (A) or (B), but will never be less than (C).

**A) Basic Disability Benefit:**

Your Adjusted Normal Retirement Benefit.

**B) Maximum Allowable Benefit:**

The maximum annual benefit paid for this type of disability is equal to 2/3rds (66.67%) of your Average Annual Pay, minus any benefits you receive from Social Security.

**C) Minimum Benefit:**

The minimum amount paid for this type of disability is Thirty Dollars (\$30.00) per month.

**Permanent Partial  
– Service  
Connected**

**Eligibility:** There is no age or service requirement to qualify for this benefit. You must, however, meet all of the following requirements:

- a) you must be permanently disabled,
- b) your disability must have caused your income from gainful employment to be reduced by at least ten percent (10%) as measured against the amount you were earning from the City when your disability began, and
- c) your disability must be work-related as defined in the Workers' Compensation Act.

**Benefit:** Your benefit is equal to the lesser of (A) or (B,) but will never be less than (C).

**A) Basic Disability Benefit:**

The annual amount paid for this type of benefit equals the *greater of* (1) or (2) below:

- 1. Your Adjusted Normal Retirement Benefit, minus any benefits you receive from Workers' Compensation, or
- 2. Fifty percent (50%) of your Reduction in Income, minus any benefits you receive from Workers' Compensation.



**B) Maximum Allowable Benefit:**

The maximum annual benefit paid for this type of disability is equal to 2/3rds (66.67%) of your Average Annual Pay, minus

1. any benefits you receive from Workers' Compensation, and
2. any benefits you receive from Social Security.

**C) Minimum Benefit:**

The minimum amount paid for this type of disability is Ten Dollars (\$10.00) per month.

**Permanent Partial  
– Non-Service  
Connected**

**Eligibility:** There is no age requirement to qualify for this benefit. You must, however meet all of the following requirements:

- a) you must be permanently disabled, and
- b) your disability must have caused your income from gainful employment to be reduced by at least ten percent (10%) as measured against the amount you were earning from the City when your disability began, and
- c) you must have at least ten (10) years of Continuous Service.

**Benefit:** Your benefit is equal to the lesser of (A) or (B), but will never be less than (C).

**A) Basic Disability Benefit:**

Your Adjusted Normal Retirement Benefit.

**B) Maximum Allowable Benefit:**

The maximum annual benefit paid for this type of disability is equal to the *smaller of* (1) or (2):

1. 1 2/3% (i.e. 0.01667) of your Reduction in Income multiplied by your years of Credited Service, or
2. 2/3rds (66.67%) of your Average Annual Pay, minus

any benefits you receive from Social Security.

**C) Minimum Benefit:**

The minimum amount paid for this type of disability is  
Ten Dollars (\$10.00) per month.

## **Death Benefits**

The Plan provides benefits in the event you should die while you are an active City employee, have vested rights to a pension or are receiving a pension from the MERF.

## **Pre-Retirement**

***If you are not vested:*** Your beneficiaries will receive a refund of the contributions you, as the Member, made to the MERF plus interest if any.

***If you are vested and have a qualifying spouse:*** Your spouse will have a choice of:

- Receiving a survivor's allowance equal to fifty percent (50%) of the monthly benefit that would have been paid to you had your employment with the City terminated on your date of death and had you lived until your Early Retirement Date. No benefit will be paid prior to what would have been your Early Retirement Date. Payment will continue until the death or remarriage of your surviving spouse.
- Receiving a refund of the contributions you made to the MERF plus interest, if any.

***If you are vested and do not have a qualifying spouse:*** Your beneficiaries will receive a refund of the contributions you made to the MERF plus interest, if any.

***In this case, a "qualifying spouse" is a spouse who***

- ☐ ***was or is married to (or a partner in a Civil Union with) the Member at the time employment ceases***
- ☐ ***is married to (or a partner in a Civil Union with) the Member at the time of his or her death, and***
- ☐ ***survives the Member.***

## **Post-Retirement**

***If you have a qualifying spouse:*** Your spouse will receive a survivor's allowance equal to fifty percent (50%) of the monthly benefit you would have received had you lived. Payment will continue until the death or remarriage of your surviving spouse.

***If you do not have a qualifying spouse:*** Your beneficiaries will receive a refund of the contributions you made to the MERF minus any pension payments you received while you were alive.

***In this case, a “qualifying spouse” is a spouse who***

- ❑ ***was or is married to (or a partner in a Civil Union with) the Member at the time of his or her retirement***
- ❑ ***is married to (or a partner in a Civil Union with) the Member at the time of his or her death, and***
- ❑ ***survives the Member.***